Property Condition Report

Inspection Address: 6610 Florence Drive
Santa Monica, CA 90405

Inspection Date: 6/28/2014

Prepared for: Mr. Astute Owner

Report Number: C-62814

Prepared by: Corey Folsom & Associates
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Property Condition Report

6610 Florence Dr., Santa Monica, CA 90405

INTRODUCTION

1.0 General Comments

As per the request of Mr. Carl Johnson for Mr. Astute Owner (potential property buyer) and in accordance with our Proposal dated 2/24/14, Corey Folsom & Associates conducted a site inspection at 6610 Florence Dr. Santa Monica, CA on 2/28/14. We performed a visual inspection to identify the existing conditions of the following building components:

- Structure
- Electrical system (under 600 volts)
- HVAC system
- Plumbing system
- Roof surface (weather and access permitting)
- Interior components (non-cosmetic)
- Life Safety
- Exterior wall components including doors and windows
- Grounds including walkways and parking (excluding retaining walls, fences and landscaping)

This assessment is valid for the date of the inspection. This report provides recommendations and priorities for:

- Remedying major deficiencies
- Updating aging major components
- Undertaking further detailed investigations

The PCA scope did not include evaluation of specialty electrical systems (e.g. low-voltage telecommunication and security systems). In addition, no assessment was made of use-specific equipment such as conveyance systems, production equipment or security systems. Use-specific concerns that depend on the number of employees, type or use, or local codes were not included. The recommendations are for remedial actions considered to be beyond the normal maintenance of the building.

This report is intended for the exclusive use of the client. Use of the information contained within the report by any other party is not intended, and, therefore, we accept no responsibility for such use.

This report is considered preliminary in nature. Before any major repairs are undertaken, we recommend that a specialist perform a detailed survey and develop a plan of action and quotation for your approval. We recommend that you obtain three written proposals from appropriately licensed and qualified contractors for specific cost data. When

provided, our estimates of life expectancy are based on the assumption that relevant systems are adequately maintained.

We did not perform any computations or engineering analysis as part of this evaluation, nor did we conduct a code compliance review. The examination of fire separation walls with other occupancies is outside the scope of this inspection. No warranty of condition is implied. The photographs are an integral part of this report and must be included in any review or document-sharing.

This report is a general overview of the structural components and major systems. It is not intended to be technically exhaustive in any one field. If further information is desired, specialists in the relevant fields should be retained to perform additional evaluations.

A determination as to the presence of animal pests, rodents, termites, decay, or other wood destroying organisms is beyond the scope of this inspection. A qualified pest control firm should be contacted with any questions concerning the presence or treatment of these organisms. Periodic examinations should be made by a licensed pest control firm as part of routine property maintenance.

We may make recommendations or suggestions in this report that differ from requirements by the local building department. For determinations as to what is permitted in this jurisdiction, the local building department should be consulted.

This report includes only those areas that are visually accessible and not areas that are made inaccessible by walls, concrete, earth, or any other obstacle to physical access or visual inspection, such as furniture or stored items. Defects in mechanical equipment not disclosed by our functional operation or visual inspection are not included. Items or conditions not mentioned in this report are not within the scope of this inspection. An examination of every window, door, light switch, outlet, water valve, etc., was not made. Rather, a statistical sampling was made.

This report does not include information as to the presence, condition, or safety of equipment, systems, or components specifically related to manufacturing or business operations.

Life safety components and fire protection systems or equipment are excluded from this report unless as otherwise noted. We suggest you make certain that fire protection systems are regularly inspected and that periodic inspection records are available. For a complete review of life-safety conditions we recommend a fire marshal be consulted.

For your reference, the following definitions may be helpful:
Excellent: Component or system is in “as new” condition, requiring no rehabilitation and should perform in accordance with expected performance.

Good: Component or system is sound and performing its function, although it may show signs of normal wear and tear. Some minor rehabilitation work may be required.

Fair: Component or system falls into one or more of the following categories; a) Evidence of previous repairs not in compliance with commonly accepted practice, b) Workmanship not in compliance with commonly accepted standards, c) Component or system is obsolete, d) Approaching end of expected service life. Repair to prolong service life or replacement is required.

Poor: Component or system has either failed or cannot be relied upon to continue performing its original function as a result of having exceeded its expected service life, excessive deferred maintenance or state of disrepair. Present condition could contribute to or cause the deterioration of other adjoining elements or systems. Repair or replacement is required.

Adequate or serviceable: Component or system is of a capacity that is defined as enough for what is required, sufficient, suitable, and/or conforms to standard construction practices.

All ratings are determined by comparison to other buildings of similar age and construction type.

All directions (left, right, front, rear, etc.) referred to are from the viewpoint of an observer standing in front of the building and facing the main entry.

1.1 Plans / Interview

We did not examine structural plans or interview a building representative. A detailed examination of building plans or other documents is beyond the scope of this inspection. Often a discussion with a building representative is informative.

2.0 EXECUTIVE SUMMARY

This report provides observations and recommendations based on a property condition assessment performed at 6610 Florence Dr. Santa Monica, CA on 6/28/14. The current primary use of this building is as office spaces. This property is currently occupied. A determination as to whether this building, or its anticipated use, complies with local occupancy requirements is beyond the scope of this inspection.

Here and at the end of this report (Section 10), we list recommendations we believe to be the most important. These recommendations should not be considered the only significant items. You should establish your own priorities after thoroughly studying this report, reviewing all our recommendations and consulting experts or specialists as desired. In addition, we ask you to call us if there is anything in the report that you do not understand or need further information on.

The building's exterior is in need of repair to window seals and to cracking at the brick facing at three corners – see photo. We also suggest investigating the apparent movement of windowsills at some interior corners.

The electrical meter and main shutoff are located at an exterior electrical room. The system appears to us to be well-maintained, with minor improvements suggested.

The HVAC system is aging and replacement should be budgeted for in the short term / next few years. HVAC appliances are often changed when the roof covering is replaced since they have to be removed and re-installed at that time anyway.

The plumbing system appears to be in good condition. The water heater is in need of seismic strapping. The toilets are low-flow type.

The roof covering is in aging with multiple past repairs. Replacement should be budgeted for in the short term / next few years. There is an active roof drain leak that needs immediate repair – see photo.

Staining is seen at the stair landing above the lobby. We suggest further investigate for possible moisture intrusion.

The concrete paving is in excellent condition. At least two trees should be removed as they contact the building with the wind.

An ADA survey was not requested as part of our service.

A Phase I Environmental Site Assessment was not requested as part of our service.

3.0 STRUCTURE/EXTERIOR

3.1 Description

3.1.1 This is a wood and metal-framed two-story building (approximately 7,500 square feet) with a wood-framed roof diaphragm and brick facing as the exterior finish that is occupied at this time. The foundation is a concrete slab. The slab was covered by finished surfaces. No cracking or displacement was viewed, but the limited viewing presents a limitation to full inspection. No determination was made by us as to the seismic resistance of this building.

3.1.2 The building has metal-frame windows with fixed glazing. There is an interior window film treatment. Glazing is critical to the ability to maintain a weather-tight building envelope. Inspection of the window seals should take place annually.

3.1.3 There is a main entry door at the lobby and one side entry door.

3.1.4 There are two stairways that serve the left and another that serves the right side.

3.1.5 Vegetation is partly obscuring the exterior walls, limiting the viewing for purposes of inspection.

3.2 Observations and Recommendations

3.2.1 We observed some exterior cracking to the brick facing at three ground-level corners. We suggest professional repair at these areas. We also noted possible water stains at the upper story front landing (basically above the lobby). We suspect water intrusion to the interior structure of this wall and so we suggest removal of the interior wall surface to better view conditions and to make the necessary repairs.

3.2.2 The window caulking is deteriorated many ground-level locations with past inadequate repairs attempted. We advise a more permanent type repair.

3.2.3 We observed evidence of movement at the two left corners as seen by the windowsills having pulled away from the structural corner columns. We suggest consultation with an engineer or qualified contractor who is familiar with this type of construction and following their recommendation/s.

3.2.4 We found the exterior side doors (electrical and phone closets) to be in need of maintenance due to rusting door panels and hinges.

General foundation comments:
The adequacy and condition of area soils, footings, foundations, and structural framing can only be determined after a detailed analysis by a soils, geotechnical, or structural engineer. This type of analysis and these determinations are beyond the scope of this inspection.

4.0 ELECTRICAL

4.1 Description

4.1.1 The electrical service supplied to the building is underground.

4.1.2 This building is supplied with a 400-ampere, three phase, four-wire service with use currents of 208/120v. The capacity was determined by the rating of the main disconnect and enclosure labeling. The short-circuit rating is labeled as 65,000 amperes. Due to the increased hazard with a three-phase system no electrical panels were opened during this inspection.

4.1.3 The distribution panels employ circuit breakers and are located in a locked exterior electrical room and an unlocked interior room. Wiring examined is copper.

4.1.4 The electrical meters (five) are in the main electrical utility room. A 100-ampere service is provided with each meter and a 30-ampere service, which appears to be for the exterior lighting.

4.2 Observations and Recommendations

4.2.1 While detailed load calculations were not performed, this service is believed to be adequate for current usage. Consider all electrical conditions as life and safety issues and correct all electrical conditions as a priority by utilizing the services of a qualified electrician to fully evaluate / review all electrical components and connections and to determine your electrical needs and any upgrade costs.

4.2.2 Some individual circuits are without the benefit of permanent labeling at the two panels in the ‘server room’. (A typewritten paper is not considered permanent labeling.) We suggest improvement to circuit labeling for increased safety.

4.2.3 An open electrical junction box with bare wires seen in my viewing of sample areas above the ceiling tiles. We advise a comprehensive review of the ceiling plenum area (above the ceiling tiles) and correction of all electrical deficiencies.

General electrical comments: We do not attempt to determine the ownership status of transformers as they could belong to the utility or tenant or owner. In accordance with the defined scope of a PCA we cannot definitively determine the service size by switch ratings alone and often we cannot access the equipment interiors to check the conductor sizing. The definitive judgment would be accomplished by a deeper investigation by a qualified electrician, following a different standard.

GFCI notes: Ground fault circuit interrupters are breakers or receptacle outlets designed to protect against electrical shocks. In recent years, most jurisdictions have required ground fault protection for outlets at building exteriors and in restrooms, basement, and garages (except those serving a designated appliance). Recent regulations require GFCI protection at all break

room, kitchen countertop, and wet bar receptacles. A single GFCI receptacle may protect other outlets downstream on the same circuit. GFCI devices have test buttons that should be operated periodically to ensure the devices are functioning properly.

5.0 HEATING/VENTILATION/AIR CONDITIONING (HVAC)

5.1 Description

5.1.1 There are five rooftop electric "Heat Pump" HVAC units and three rooftop A/C condensers (all data plates obscured). These type of appliances have an expected service life of 20+ years, but actual performance varies greatly.

5.1.2 These units (with the possible exception of one or two A/C condensers) are believed to be original equipment from the time of initial construction of the building. These type of appliances have an expected service life of 20+ years, but actual performance varies greatly.

5.1.3 No HVAC maintenance records were seen.

5.2 Observations and Recommendations

5.2.1 The units all appear to be in similar (fair) condition as they are approaching their expected service lives. Replacement of all HVAC and A/C appliances should be budgeted for. Often this is done when the roof covering is replaced since they have to be removed / re-installed at that time anyway.

5.2.2 The rooftop A/C units are not secured to their supports. Additionally, the supports are not flashed properly to the roof. We advise correction to prevent movement and associated damage to the equipment, coolant and electrical lines during a seismic event

5.2.3 Visible corrosion is evident at all heat pump cabinets and fins. We believe this is due to the coastal air and that closer to 10 years is a more reasonable life expectancy for HVAC appliances in this environment.

General HVAC comments:

The inspection of the HVAC system includes a visual examination of the exposed and accessible equipment, controls, filters and distribution. We examine these items for function, excessive or unusual wear and general state of repair. Heat exchangers are inaccessible by design and require a costly and specialized inspection. Our inspection does not include disassembly of the system/s, nor does it encompass "set-back" or programmable thermostatic features. To obtain maximum efficiency and reliability from your HVAC system, we recommend annual servicing and inspection by a qualified technician.

6.0 PLUMBING

6.1 Description

6.1.1 The visible supply piping consists of copper pipe. The visible waste piping consists of ABS pipe. The water quality and water pressure was not tested. The toilets are all low-flow type.

6.1.2 There is a 19.9-gallon electric water heater (manufactured in 2006) located in an under-stairwell closet. These units typically last 15 years although early failure is not uncommon.

6.1.3 There are two toilet rooms (men's and women's) on the main floor.

6.1.4 The main water entrance consists of a 2" diameter copper pipe with valve shutoff located at the building exterior (rear). There was a backflow preventer noted as well. We advise making certain that the water can be easily shut off in the event of an emergency. We did not test the main water shutoff due to the risk of creating a leak, but we advise making certain that the water can be easily shutoff in the event of an emergency.

6.1.5 There is no gas service supplied to the building.

6.2 Observations and Recommendations

6.2.1 We believe the copper portions of the plumbing system to be in good condition and functioning as designed.

6.2.2 The waste plumbing system appears to be essentially functional and believed to be in good condition.

6.2.3 The water heater does not have sufficient seismic strapping. Provide appropriate seismic strapping immediately per municipal and state requirements. The TPR drainpipe has several sharp bends (more than four). The drainpipe may not perform as intended in an emergency. Corrosion is noted at the water heater piping cold inlet connection - repair is advised prior to a leak. Consider installing a drain to the exterior at the water heater pan to protect finished surfaces and prevent mold and other damage in the event of a leak.

6.2.4 The toilets (and urinal) flushed and filled properly.

General plumbing comments:
Angle stops are shutoff valves normally found beneath sinks and toilets in modern construction. They provide a convenient disconnect in case of leakage and facilitate repairs. These shutoff valves are rarely used, and may "freeze" in place or leak when operated. Angle stops should be operated periodically to keep the valves functional. We do not normally turn these valves during an inspection as this may cause them to leak. Installation of modern valve stops is a small and prudent investment.

Waste piping should be cleaned out periodically to remove any accumulation of grease, hair, or dirt, and to help prevent future debris blockage and subsequent drainage failure. We do not inspect buried, or otherwise inaccessible, supply or waste piping.

The gas and water piping was not fully accessible and an examination of each connection was not made. The standard test for gas leakage is to have the piping pressure-tested.

We recommend storing a large wrench near the main gas valve to shut the gas off quickly in an emergency. To shut off the gas, turn the valve 90 degrees so the handle is at a right angle to the pipe.

7.0 ROOFING

7.1 Description

7.1.1 The building has a modified bitumen roof covering. This type of roof covering system has a life expectancy of 20+ years.

7.1.2 The building has an internal rainwater collection system with secondary (overflow) drains.

7.1.3 There is a parapet wall structure to shield the rooftop equipment from view.

7.1.4 The roof access is a ladder in a utility room and an openable hatch.

7.2 Observations and Recommendations

7.2.1 The roof has extensive wear characteristics, past inadequate repairs and an active leak at the right rear drain so we are recommending replacement of the roof covering in the short term. Consider installing a Thermoplastic Polyolefin (TPO) or Polyvinyl chloride (PVC) single-ply roofing membrane as they have gained broad industry acceptance for performance as a heat-reflective and energy efficient roofing system as well as having numerous installation and useful lifespan advantages.

7.2.2 The roof parapet wall cap flashing has been damaged at the right rear corner likely due to the action of the tree contacting this area and is in need of repair / improvement now.

7.2.3 Debris has built up on the roof. Debris should be periodically removed to ensure proper functioning of the roof drains. We believe this is the main factor in an active roof drain leaking into the interior office space at the right rear corner – see photo.

7.2.4 HVAC rooftop units (3) are mounted on supports that are not flashed or otherwise attached to the roof. Ideally, all rooftop equipment should be installed on raised, flashed platforms or curbs. We recommend that a qualified roof specialist review the HVAC installation with regard to improving the appliance supports / roof flashings.

General roofing comments:
Roof surfaces, rain gutters, downspouts, and subsurface drain lines should be checked regularly. Leaves and other debris should be removed as needed. Gutter joints and connections may need periodic caulking or sealing. Screens can be installed at downspout gutter connections to keep debris from blocking the downspouts. We recommend periodic inspections be performed to be sure the roof drainage systems function properly. Observing roof and foundation areas during or shortly after heavy rains is a good way to find deficiencies in the roof and area drainage systems.

This inspection addresses only the apparent visual condition of roofing materials, and does not include invasive testing or guarantee against present or future leakage. All roof systems require periodic maintenance. Failure to perform routine maintenance will usually result in leaks and

accelerated deterioration of the roof covering and flashings. Annual examinations should be made by a qualified roofer for periodic maintenance and repair.

8.0 INTERIOR / LIFE SAFETY

8.1 Description

8.1.1 The office / interior wall finishes are drywall. The office / interior floors are carpeting and vinyl/linoleum and tile. The office / interior ceilings are suspended acoustical tile and drywall. The ceiling is insulated with R-11 fiberglass insulation batting. Interior walls are metal partitions, covered with finished drywall. Wall /ceiling cracks / stains are not uncommon, but I did not determine their exact nature. All cracks / stains should be monitored on any building.

8.1.2 There are two stairways that provide access to and from the second story. Two closets were locked (near lobby and near Women's bathroom) and so not entered as part of our inspection.

8.1.3 We did not note the presence of an automatic fire suppression sprinkler system.

8.2 Observations and Recommendations

8.2.1 Wall stains are evident at the wall of the second story landing (essentially above the lobby). We suspect moisture intrusion and suggest removal of relevant finished surfaces to check and correct any hidden damage.

8.2.2 Posted emergency evacuation plans were not seen. We consider this a life-safety defect and we suggest that you ensure this is accomplished in the near future.

8.2.3 We suggest adding green, lighted exit signs of the proper height placement at the egress doors open to the public. (Currently, not all signs are lighted and/or green and placement requirements have changed in the past few years.)

8.2.4 The fire extinguisher inspection tags are out of date. We do not determine the correct number or placement of fire extinguishers in a given occupancy or use.

8.2.5 Due to the building being occupied, stored items prevented a full inspection. We advise careful examination by interested parties of all interior areas once the stored items are removed.

General interior comments:
Any comments regarding mold, asbestos, lead paint or other environmental conditions are included as a courtesy only and do not constitute or indicate an environmental review. We are happy to contract for and conduct an Environmental Phase I Assessment and those findings would be presented in a separate, stand-alone report.

Tenant and process-related equipment comments:
An examination of the process equipment related to business operations is beyond the scope of this inspection. Any comments regarding such are included as a courtesy only and do not represent a definitive inspection of those items. Also, we do not comment on security alarms.

9.0 GROUNDS

9.1 Description

9.1.1 The parking area surface is concrete. We counted 15 parking spaces (including one that is ADA-compliant).

9.1.2 We did not observe or learn of any problems with the underground utilities. The building site is relatively level.

9.2 Observations and Recommendations

9.2.1 The asphalt paving is in generally good to excellent condition.

9.2.2 There was water 'ponding' at the right side of the building during the heavy rain at the time of the inspection – see photo. The grade at the front of the building could be improved for better site drainage. Ideally, the grade should pitch away from the foundation at a minimum of 1/2 inch per foot and continue for at least 6 feet. This helps to decrease water saturation near the foundation and siding and lessens the chance of water entry under the structure.

9.2.3 Trees at the right rear corner are having a detrimental effect on the roof corner – see photo. We could hear the tree/s constantly bumping onto the building during the wind at the time of the inspection. The trees are also the main source of debris, which is clogging the roof drains. Consider tree removal.

10.0 PRIMARY RECOMMENDATIONS

Contractors should be contacted for price quotations and costs can vary substantially according to the contractor selected, the quality of work specified, market forces, the presence of undiscovered conditions, and other factors.

10.1 Opinion Summary of Immediate Repairs

The following table summarizes the report recommendations that should be addressed within the next year.

Recommendations	Reference
Electrical safety review/improvements	4.2
Remove trees	9.2
Window and brick facing maintenance	3.2
Water heater strapping improvement	6.2

10.2 Opinion Summary of Short-Term Repairs

The following table summarizes the report recommendations that should be addressed within the next two years. Normal maintenance is not included.

Recommendations	Reference
HVAC replacement	5.2
Roof replacement	7.2

10.3 Opinion Summary of Unpredictable Repairs

The following table summarizes the report recommendations that are unpredictable by nature, but may require attention anytime within the next few years.

Recommendations	Reference
Investigate wall staining above front entry	8.2

11.0 CLOSING COMMENTS

Thank you for choosing Corey Folsom & Associates. Should you have any questions or if we can be of further assistance, please contact us.

Please find a statement of qualifications in Appendix A and additional photographs documenting conditions in Appendix B.

Respectfully,

Corey Folsom, Certified Inspector

APPENDIX A - Statement of Qualifications

Corey Folsom has performed thousands of inspections as a private building inspector and consultant. These inspections include assessment of condition for acquisition and sale, habitability, cost analysis, problem diagnosis and maintenance scheduling.

Corey Folsom

- Graduated from the College of Eastern Utah, 1999
- Eight years in the construction trades
- Carson, Dunlop & Weldon Commercial Inspection Program, 2005
- Inspection Training Associates Commercial Training, 2003
- Completed the National Home Inspector Exam, 2003
- Member of the International Association of Electrical Inspectors (IAEI) # 7027195
- Member of the American Society of Home Inspectors (ASHI) #243171
- Past member of the International Code Council (ICC) #5258977

A partial list of continuing education courses includes:

- International Mechanical Code
- Building Envelope Energy Analysis
- Sub-Area & Crawlspaces
- Concrete Foundations
- Concrete Tile Roofs
- Residential Electrical Systems
- International Residential Code
- Deck Inspections
- Commercial Electrical Systems
- Commercial Flat & Metal Roof Systems
- Ongoing ASHI chapter education seminars

Description of Services

Corey Folsom & Associates provide narrative property condition assessment reports, including inspection and analysis of: roofing, foundations, drainage, electrical, plumbing, mechanical and exterior. We also oversee Environmental Phase I reports. The company retains qualified engineers, technicians and servicepersons who possess all applicable certifications and credentials.

Our Mission Statement

We will exceed client expectations and industry standards

We will represent the high standards of professionalism of those who refer us

We will continually increase the breadth and depth of our knowledge

APPENDIX B – PHOTOGRAPHS

Photo #1:

Photo #4:

Photo #2:

Photo #5:

Photo #3:

Photo #6:

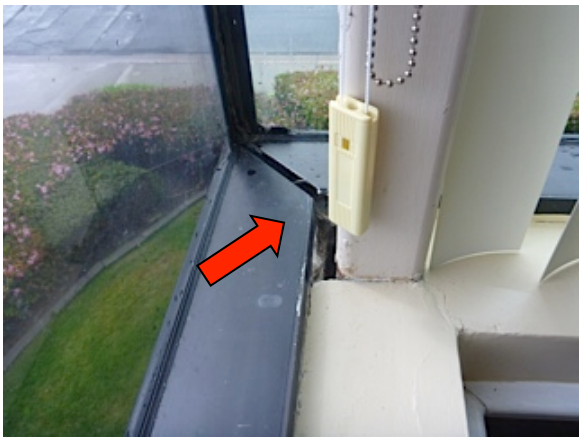

Photo #7: windowsill away from column

Photo #10: debris at corner drain

Photo #8: window sill away from column

Photo #11: water pools on parapet

Photo #9: multi-age roof patches

Photo #12: past roof corner repairs

Photo #13: two older A/C units

Photo #16: pan drain not to exterior

Photo #14: aging roof surface

Photo #17: ceiling repair in bathroom?

Photo #15: open electrical box

Photo #18: staining at landing?